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C.M. (64)
21st Conclusions

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CABINET

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Thursday, 9th April, 1964, at 10.30 a.m.

Present:

The Right Hon. Sir ALEC DOUGLAS-HOME, M.P., Prime Minister
(in the Chair for Items 1-3)

The Right Hon. R. A. BUTLER, M.P.,
Secretary of State for Foreign Affairs
(Items 1-2)

The Right Hon. QUINTIN HOGG, Q.C.,
M.P., Lord President of the Council
and Secretary of State for Education
and Science (in the Chair for Items
4-5)

The Right Hon. LORD DILHORNE, Lord
Chancellor

The Right Hon. REGINALD MAUDLING,
M.P., Chancellor of the Exchequer

The Right Hon. DUNCAN SANDYS, M.P.,
Secretary of State for Commonwealth
Relations and for the Colonies (Items
1-2)

The Right Hon. EDWARD HEATH, M.P.,
Secretary of State for Industry, Trade
and Regional Development and
President of the Board of Trade

The Right Hon. PETER THORNEYCROFT,
M.P., Secretary of State for Defence
(Items 1-2)

The Right Hon. SELWYN LLOYD, Q.C.,
M.P., Lord Privy Seal

The Right Hon. VISCOUNT BLAKENHAM,
Chancellor of the Duchy of Lancaster

The Right Hon. CHRISTOPHER SOAMES,
M.P., Minister of Agriculture,
Fisheries and Food

The Right Hon. ERNEST MARPLES,
M.P., Minister of Transport

The Right Hon. JOHN BOYD-CARPENTER,
M.P., Chief Secretary to the Treasury
and Paymaster General

The Right Hon. MICHAEL NOBLE, M.P.,
Secretary of State for Scotland

The Right Hon. JOSEPH GODBER, M.P.,
Minister of Labour

The Right Hon. Sir KEITH JOSEPH,
M.P., Minister of Housing and Local
Government and Minister for Welsh
Affairs

The Right Hon. ANTHONY BARBER,
M.P., Minister of Health

The Right Hon. FREDERICK ERROLL,
M.P., Minister of Power

The Right Hon. GEOFFREY RIPPON,
M.P., Minister of Public Building and
Works

The Right Hon. WILLIAM DEEDES, M.P.,
Minister without Portfolio

The following were also present:

The Right Hon. RICHARD WOOD, M.P.,
Minister of Pensions and National
Insurance (Item 3)

The Right Hon. REGINALD BEVINS,
M.P., Postmaster-General (Item 4)

The Right Hon. MARTIN REDMAYNE,
M.P., Parliamentary Secretary,
Treasury

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Secretariat :

Sir BURKE TREND

Mr. P. ROGERS

Miss J. J. NUNN

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Parliament

1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

Foreign
Affairs

Cyprus
(Previous
Reference :
C.M. (64) 20th
Conclusions,
Minute 3)

2. *The Foreign Secretary* said that there was increasing concern in the House of Commons about the status of the troops forming the United Kingdom contingent in the United Nations peace-keeping force in Cyprus; and Members of Parliament were pressing for publication of the directive to be issued by the Secretary-General of the United Nations to the Commander of the force. The directive was in fact reasonably satisfactory from our point of view; but it would be doubtfully wise to press the Secretary-General to consent to its publication since, if the Greek Cypriot community or any other interested party objected to it and the Secretary-General was subsequently compelled to amend its provisions, the protection which it afforded to our contingent in the peace-keeping force might be reduced. It might therefore suffice to inform Parliament that the directive would empower our troops to use force both in self-defence and for the effective discharge of their mission. In addition the Secretary-General had indicated that the text of the directive itself might be shown privately to the Leader of the Opposition and other Members of Parliament who were particularly concerned; and he would probably be prepared to agree that a further document, entitled "United Nations Force in Cyprus: Standing Operation Procedures", might be made available to Members of Parliament generally, e.g., by being placed in the Libraries. Until we received a copy of this document, however, we could not be certain that it would suffice to allay Parliamentary concern. Meanwhile, the Secretary-General had received assurances of additional national contributions to the peace-keeping force and felt able, therefore, to accept a progressive reduction of our own contingent to a level of 2,000 troops.

In discussion it was agreed that the balance of advantage probably inclined against publication of the directive on the grounds that disclosures of operation orders would be contrary to precedent and to accepted practice. The proposed reduction in the size of the British contingent should be welcomed in principle, provided that the reduced unit remained realistic in logistic and administrative terms.

The Cabinet—

- (1) Agreed in principle that it would be desirable to resist Parliamentary pressure for the publication of the directive to be issued by the Secretary-General of the United Nations to the United Nations peace-keeping force in Cyprus.
- (2) Took note that the Prime Minister would discuss confidentially with the Leader of the Opposition the reasons for this decision and would arrange for further consideration to be given to the desirability of making available to Members of Parliament a copy of the "Standing Operation Procedures" of the peace-keeping force.
- (3) Invited the Secretary of State for Defence, in consultation with the Foreign Secretary and the Commonwealth Secretary, to consider the means by which effect might appropriately be given to the proposals by the Secretary-General of the United Nations to reduce the size of the United Kingdom contribution to the peace-keeping force.

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The Yemen
(Previous
Reference :
C.C. (63) 43rd
Conclusions,
Minute 3)

The Foreign Secretary informed the Cabinet that it had recently been decided to authorise an air attack on a fort at Harib on the Yemeni side of the frontier between the Yemen and the Federation of South Arabia. This incident had evoked considerable resentment in the Arab world and was to be debated in the Security Council of the United Nations on the basis of a resolution sharply criticising our action. Our efforts to modify the terms of the resolution had been only partially successful; and, in the form in which it was likely to be tabled, it would "deplore" our action. The United Kingdom Permanent Representative at the United Nations had advised that, even so, we should not seek to veto it but should abstain from voting in the debate and should make a suitable statement in justification of the attack on the fort. The resolution might attract sufficient support to be carried; and we could not exclude the possibility that the United States Government might vote in its favour.

In discussion there was general agreement that, on balance, this would be the right course. Nevertheless, it was very regrettable that international opinion should so seriously misinterpret a step which, after enduring prolonged provocation, we had been obliged to take in discharge of our treaty obligation to protect the Federation of South Arabia. Our statement in the United Nations debate should therefore emphasise that, if there were any recurrence of unprovoked Yemeni aggression against the Federation, we should refer the issue forthwith to the Security Council and, if the Council were unable to guarantee prompt protection for the Federation, we should reserve our right to take whatever further steps we judged necessary for this purpose. It would be particularly unfortunate, and potentially damaging to Anglo-American relations, if the United States Government felt unable to support us in the debate in the Security Council. The action which we had taken against the Yemen was similar in principle to the action which the United States Government themselves had taken against Cuba; and it could be argued that it was United States policy towards the United Arab Republic which had placed us in a position in which, if we were to sustain the morale of our friends and allies in southern Arabia, we had no alternative to seeking to deter Yemeni aggression by appropriate retaliatory measures. It would be necessary to represent these considerations forcibly to the United States Government and to consider also whether we should make a fresh attempt, with their support, to revive pressure by the United Nations for the implementation of the resolution requiring the withdrawal of troops of the United Arab Republic from the Yemen.

In addition public opinion in the United Kingdom would be liable to be considerably disturbed if the Security Council endorsed the resolution condemning the attack on the fort at Harib; and it would therefore be important that the reasons for our action should be made known, as fully and clearly as possible at an early opportunity.

The Cabinet—

- (4) Agreed that we should not seek to veto the resolution in the the Security Council of the United Nations deploring our attack on the fort at Harib but should abstain from voting in the debate and should make a full statement in justification of our action.
- (5) Invited the Foreign Secretary to instruct the United Kingdom Permanent Representative at the United Nations accordingly and to represent forcibly to the United States Government the displeasure with which public opinion in the United Kingdom would regard United States support of the resolution.
- (6) Took note that, if necessary, the Prime Minister would address a personal message to the President of the United

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States in reinforcement of the representations to be made under Conclusion (5) above.

- (7) Invited the Foreign Secretary to give further consideration to the desirability of taking a fresh initiative in the United Nations to secure the withdrawal of troops of the United Arab Republic from the Yemen.

Southern
Rhodesia
(Previous
Reference :
C.M. (64) 14th
Conclusions,
Minute 2)

The Colonial Secretary informed the Cabinet that, as a result of the dissolution of the Federation of Rhodesia and Nyasaland, the Government of Southern Rhodesia had recently found it necessary to enact a Bill incorporating certain Federal laws in the Colony's legislation. Some of these laws were discriminatory in their nature. The Government of Southern Rhodesia had nevertheless decided that they should not be brought within the jurisdiction of the Constitutional Council which was required, under the Constitution of Southern Rhodesia, to review discriminatory legislation passed by the Colony's own Legislature. It would be possible for us to object to this decision; but it would be preferable to refrain from doing so partly on the ground that the extent of discriminatory legislation in Southern Rhodesia would be no greater than in the period when the Federal laws had been in force and partly on the ground that the Prime Minister of Southern Rhodesia, Mr. Winston Field, had undertaken to reconsider the possibility of bringing the former Federal laws within the jurisdiction of the Constitutional Council when it next became necessary to amend the Constitution of the Colony.

The Cabinet—

- (8) Took note, with approval, of this statement by the Colonial Secretary.

Zanzibar
(Previous
Reference :
C.M. (64) 10th
Conclusions,
Minute 2)

The Colonial Secretary said that there were increasing indications that Zanzibar was falling under the influence of the Sino-Soviet bloc. We were keeping the situation under close review, in collaboration with the Governments of Kenya, Tanganyika and Uganda, who had invited the President of Zanzibar, Mr. Karume, to attend a forthcoming meeting of Heads of African States at which they hoped to exercise some moderating influence upon him.

The Cabinet—

- (9) Took note of this statement by the Colonial Secretary.

**The Prospects
for Taxation,
1964-67**

(Previous
Reference :
C.M. (64) 3rd
Conclusions,
Minute 2)

3. The Cabinet considered a memorandum by the Chancellor of the Exchequer and the Chief Secretary, Treasury, (C.P. (64) 65) on the prospects for taxation in the years 1964-67.

The Chancellor of the Exchequer said that the White Paper on Public Expenditure (Command 2235) had forecast a 17½ per cent increase of public expenditure at constant prices from 1963-64 to 1967-68. On the assumption of a 4 per cent minimum rise in the Gross National Product (G.N.P.), this represented an increase in the ratio of public expenditure to G.N.P. from the present 40 per cent to about 41½ per cent, as compared with 36 per cent in 1947. Moreover, since the publication of the White Paper substantial new commitments had been undertaken or were in prospect. It would therefore become necessary by 1967 to raise an additional £300-£400 million a year in taxation; and, even if the economy expanded at the full growth rate, this would require an annual increase in the rates of taxation sufficient to produce an additional £75-£100 million. If this increase were obtained primarily from indirect taxes, prices and

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the cost of living would be liable to rise, with adverse effects on incomes policy. If it were obtained from direct taxation, incentive and enterprise would be reduced. It was therefore necessary to consider carefully what upper limit should be imposed on the rate of growth of public expenditure.

In discussion the following main points were made:

(a) The increased yield which would be required from taxation represented a comparatively small sum in relation to a G.N.P. of over £26,000 million. On the other hand the necessary annual increase in the rates of taxation would bear particularly hardly on individuals with small fixed incomes.

(b) It might be desirable that, in so far as additional revenue had to be raised, it should be obtained primarily from indirect taxation, *e.g.*, on oil.

(c) The recent change of policy in relation to agricultural support had involved an increase in market prices for foodstuffs, with a consequent saving, of the order of £50 million in the current year, in the estimated cost of the agricultural guarantees. There might be advantage in pursuing this policy further. On the other hand it could be argued that the prices of basic foodstuffs should be kept as low as possible.

(d) The cost of defence represented a large and increasing proportion of total Governmental expenditure. Further consideration might have to be given to this item; but it was unlikely that any large economies could be obtained in this field except by the abandonment of some of our major oversea commitments.

(e) The potential sources of increased taxation in the longer term should be systematically examined.

The Cabinet—

- (1) Took note of C.P. (64) 65 and of the points made in their discussion.
- (2) Invited the Chancellor of the Exchequer, in consultation with the Ministers concerned, to circulate, after the forthcoming Budget, a further memorandum on the potential sources of increased taxation in the longer term.
- (3) Agreed to resume their discussion at a subsequent meeting on the basis of the memorandum to be circulated in accordance with Conclusion (2) above.
- (4) Agreed to resume at an early meeting their examination of the public investment programme.

Postmen's Pay
(Previous
Reference :
C.M. (64) 13th
Conclusions,
Minute 5)

4. The Cabinet had before them a memorandum by the Postmaster-General (C.P. (64) 85) about the effect on postal services of the industrial action which the Union of Post Office Workers were expected to take in support of their claim for increased pay for postmen.

The Postmaster-General said that, although efforts to reach agreement with the Union continued, it now appeared that industrial action was unavoidable. The union proposed to call a one-day strike on 16th April, to ban overtime and Sunday work from 17th April for at least two weeks and to work-to-rule during the same period, at the end of which they had indicated that they would review the situation. Since any attempt to compel postmen to work overtime or on Sundays or to employ Servicemen or civilians on postal duties would be likely to lead to further industrial action by the union, it would be necessary to reduce the postal services to a level corresponding with the reduced number of hours which the staff

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would work. The objective should be to maintain the first-class letter service; and for this purpose it was proposed to suspend from midnight 15th-16th April the inland parcel post, the inland printed paper service and the house-to-house unaddressed delivery service. In order to enable the public, and particularly business houses, to make alternative arrangements, the proposed restrictions would be announced on 13th April. It was doubtful whether the suspension of certain services would infringe any implied obligations of the Postmaster-General under the Post Office Act 1953 and the relevant regulations and whether regulations under the Emergency Powers Act 1920 to relieve him of any such obligation would be *intra vires*. In the past it had been held that, if legal action were taken against the Postmaster-General on these grounds, recourse should be had to a Bill of Indemnity.

In discussion the following main points were made:

(a) It would be impossible to make any concession to the Union without undermining the principle of fair comparison, subject to the right to go to arbitration, which governed the determination of pay throughout the Civil Service. The leaders of the other Civil Service unions, which adhered to this principle and were anxious that the existing arrangements should not be prejudiced, might be able to give some informal assistance in promoting a settlement; and it was possible that the postmen themselves, having made a demonstration in support of their claim, would not be anxious to prolong the dispute.

(b) On the other hand the general public were largely uninformed about the issues involved in the dispute and would be liable to sympathise with the postmen. Arrangements should therefore be made for the Chancellor of the Exchequer and the Postmaster-General to hold an appropriate Press conference, which might conveniently take place on 10th April.

(c) Public resentment of the restrictions on the postal services might be reduced if the withdrawal of the parcel service could be limited to large packages.

The Cabinet—

- (1) Invited the Postmaster-General to give further consideration to the possibility of maintaining a parcel service in respect of small parcels only.
- (2) Subject to Conclusion (1) above, approved the proposals in C.P. (64) 85.
- (3) Took note that the Chancellor of the Exchequer and the Postmaster-General would take steps to inform the general public of the grounds on which the Government felt obliged to reject the wage claim of the Union of Post Office Workers.

United Nations
Conference on
Trade and
Development

5. *The Secretary of State for Industry* said that the initial proceedings of the United Nations Conference on Trade and Development had been unproductive and the views advanced by other countries had evoked little support. He had therefore been invited by the representatives of the Commonwealth Governments attending the Conference to take the initiative in making constructive proposals. His speech, which was based on earlier discussions in the Economic Policy Committee, had been well received; and it should have helped the Conference to appreciate that there was no general

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or automatic solution to the problems involved but that better progress would be made by examining the individual remedies appropriate to specific situations. The episode had provided interesting evidence of the continuing value of the Commonwealth connection, to which he would pay public tribute at an early opportunity.

The Cabinet—

Took note, with approval, of this statement by the Secretary of State for Industry.

*Cabinet Office, S.W. 1,
9th April, 1964.*

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